



United States Senate
**Committee on Small Business
and Entrepreneurship**

Olympia J. Snowe, Chair

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**SNOWE INTRODUCES BILL TO HELP HURRICANE KATRINA
VICTIMS**

Will Chair Thursday Hearing on Hurricane's Impact on Small Businesses

WASHINGTON, D.C.- In her capacity as Chair of the Senate Committee on Small Business and Entrepreneurship, U.S. Senator Olympia J. Snowe (R-Maine) today announced that she has introduced the Small Business, Homeowners and Renters Disaster Relief Act of 2005, free-standing legislation that provides immediate and meaningful relief to Hurricane Katrina victims. Senator Snowe will also chair a hearing, "The Impact of Hurricane Katrina on Small Businesses," beginning at 10:00 a.m., Thursday, September 22, in Room 428A of the Russell Senate Office Building.

"The challenges facing the victims of Hurricane Katrina are unprecedented, and the hardest work is still ahead," said Snowe. "This bill provides the resources to help the people of the Gulf area return to a normal way of life so they can once again see their businesses prosper. I will continue to work with Majority Leader Bill Frist, the House leadership and the Bush administration so we can continue to leverage the authority of the Small Business Administration to provide real relief to those who have been left without the means to rebuild their lives."

Snowe also announced that she introduced the same package of legislation as a free standing bill in order to help ensure that aid reaches Katrina victims as soon as possible. After it is passed by the Senate, the Commerce-Justice-Science Appropriations bill must still be approved by a House-Senate conference committee.

"I introduced this legislation as a free-standing measure because the Commerce-Justice-Science appropriations bill may not be enacted for some time. These provisions have tremendous support in the Senate and must begin to aid homeowners, small businesses and renters as soon as possible," said Snowe.

Senator Snowe noted that the Senate last week voted 96-0 to approve her amendment (S.A. 1717) to the Commerce-Justice-Science Appropriations bill, which provides \$595 million to aid Hurricane Katrina's victims. Last night Senator Snowe introduced the Small Business, Homeowners and Renters Disaster Relief Act of 2005 (S. 1724) as a free-standing bill to ensure

that aid reaches Katrina victims as soon as possible. The provisions in S.A. 1717 are identical to the provisions in S. 1724.

Senator Snowe said Thursday's hearing will include testimony from small business representatives and Hector V. Barreto, Administrator of the U.S. Small Business Administration.

Key components of Senator Snowe's bill (S. 1724) include:

Small Business Administration Disaster Loan Program

- Allow borrowers to defer the repayment of SBA disaster loans up to 12 months.
- Increase the maximum size of an SBA disaster loan from \$1.5 million per loan to \$10 million per loan.
- Refinancing of debt.
- Permit non-profit institutions to apply for disaster loans.
- Establish an extended period of one year for applying for disaster loans.
- Appropriate \$86 million to increase SBA disaster loans by \$600 million, from \$3.4 billion to \$4.0 billion for FY 2006.
- Create a pilot program to assist small businesses and farms to cope with rapid increase in energy costs.

SBA Entrepreneurial Development Program

- Authorize the appropriation of funds for Small Business Development Centers (SBDC), Women's Business Centers and Veteran's Business Centers.
- Authorize the SBA Administrator to waive the \$100,000 maximum for SBDC portability grants.

SBA 7(a) and 504 Business Loan Programs

- Increase the authorization for the 7(a) Program from \$17 billion to \$20 billion.
- Increase the authorization for the 504 Program from \$7.5 billion to \$10 billion.
- Allow the SBA to defer repayments owed to the SBA by borrowers in the SBA's 504 Loan Program.
- Offer 7(a) Program Business Loans with lower fees to small businesses adversely impacted.

Small Business Contracting Provisions

- Designate the Hurricane Katrina disaster area as a HUBZone, which would enable small businesses to receive contracting preferences and price evaluation preferences to offset greater costs of doing business.

- Increase maximum size of SBA's surety bonds guarantee from \$2 million to \$10 million to open more projects to small businesses.
- Direct the SBA, and the Directors of Small and Disadvantaged Business Utilization to create a contracting outreach program for small businesses located or willing to locate in the Katrina disaster area.
- Promote job creation and economic development by setting aside 30 percent of prime contracts and 40 percent of subcontracts on all Katrina-related procurements for small businesses.

Grants to States Damaged by Hurricane Katrina

- Authorizes a grant of \$400 million, combined, to all five States that suffered physical damage from Hurricane Katrina: Louisiana, Mississippi, Alabama, Texas, and Florida. The Department of Commerce would administer the grants, and states that suffered from Hurricane Katrina would have discretion to use the grants as they choose. One use could be to provide "bridge loans" to homeowners or businesses while they wait for their SBA disaster loans to be reviewed.

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